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09/559,320	04/27/2000	Daniel J. McCabe	10449-003	1932

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EXAMINER

FELTEN, DANIEL S

ART UNIT

PAPER NUMBER

3624

DATE MAILED: 01/17/2003

Please find below and/or attached an Office communication concerning this application or proceeding.

## Office Action Summary

Application No. 09/559,320	Applicant(s) McCable et al
Examiner Daniel Felten	Art Unit 3624

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136 (a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

1)  Responsive to communication(s) filed on Apr 27, 2000

2a)  This action is FINAL. 2b)  This action is non-final.

3)  Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11; 453 O.G. 213.

### Disposition of Claims

4)  Claim(s) 1-24 is/are pending in the application.

4a) Of the above, claim(s) \_\_\_\_\_ is/are withdrawn from consideration.

5)  Claim(s) \_\_\_\_\_ is/are allowed.

6)  Claim(s) 1-24 is/are rejected.

7)  Claim(s) \_\_\_\_\_ is/are objected to.

8)  Claims \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

9)  The specification is objected to by the Examiner.

10)  The drawing(s) filed on \_\_\_\_\_ is/are a)  accepted or b)  objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

11)  The proposed drawing correction filed on \_\_\_\_\_ is: a)  approved b)  disapproved by the Examiner.

If approved, corrected drawings are required in reply to this Office action.

12)  The oath or declaration is objected to by the Examiner.

### Priority under 35 U.S.C. §§ 119 and 120

13)  Acknowledgement is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)  All b)  Some\* c)  None of:

1.  Certified copies of the priority documents have been received.

2.  Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.

3.  Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\*See the attached detailed Office action for a list of the certified copies not received.

14)  Acknowledgement is made of a claim for domestic priority under 35 U.S.C. § 119(e).

a)  The translation of the foreign language provisional application has been received.

15)  Acknowledgement is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

### Attachment(s)

1)  Notice of References Cited (PTO-892)

4)  Interview Summary (PTO-413) Paper No(s). \_\_\_\_\_

2)  Notice of Draftsperson's Patent Drawing Review (PTO-948)

5)  Notice of Informal Patent Application (PTO-152)

3)  Information Disclosure Statement(s) (PTO-1449) Paper No(s). \_\_\_\_\_

6)  Other: \_\_\_\_\_

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## DETAILED ACTION

4 ***Response to Arguments***

5 1. Applicant's arguments with respect to claims 1-24 have been considered but are moot in  
6 view of the new ground(s) of rejection.

9 ***Claim Rejections - 35 USC § 102***

10 (e) the invention was described in a patent granted on an application for patent by another filed in the  
11 United States before the invention thereof by the applicant for patent, or on an international application by  
12 another who has fulfilled the requirements of paragraphs (1), (2), and (4) of section 371<sup>¶</sup> of this title  
13 before the invention thereof by the applicant for patent.

15 The changes made to 35 U.S.C. 102(e) by the American Inventors Protection  
16 Act of 1999 (AIPA) do not apply to the examination of this application as the application being  
17 examined was not (1) filed on or after November 29, 2000, or (2) voluntarily published under  
18 35 U.S.C. 122(b). Therefore, this application is examined under 35 U.S.C. 102(e) prior to the  
19 amendment by the AIPA (pre-AIPA 35 U.S.C. 102(e)).

20  
21 2. Claims 1, 2, 3, 10 and 12-14 are rejected under 35 U.S.C. 102(3) as being anticipated  
22 by O'Shaughnessy (US 5,978,778).

1 **Re Claim 1, 10, and 12-14 :**

2 O'Shaughnessy discloses a first financial instrument ( or A plurality of first financial  
3 instruments C1eq, C2eq, . . . , CJeq , J > 1), representing an ownership interest in a first  
4 portfolio (*a selection of stocks for an investment portfolio*), the first portfolio comprising units of  
5 an integer number M different securities selected from a second portfolio (*or database of stocks* a  
6 first set of portfolios {C1, C2, . . . , C.}), the second portfolio comprising units of an integer  
7 number N different securities, N > M, with the M different securities being a subset of the N  
8 different securities (see O'Shaughnessy, at least col. 2, ll. 12-18; col. 11, ll. 21 to col. 13, ll. 14),  
9 N

10 wherein the weight of each security in the first portfolio is substantially similar to that  
11 security's corresponding weight in the second portfolio, divided by the combined weight of the  
12 first portfolio within the second portfolio (see O'Shaughnessy, at least col. 2, ll. 35-52), and  
13 wherein the first financial instrument, and a second financial instrument representing an  
14 ownership interest in the second portfolio, are traded on a securities market (see O'Shaughnessy,  
15 at least col. 11, ll. 21 to col. 13, ll. 14).

16  
17 **Re Claim 2:**

18 wherein the M different securities in the first portfolio are all traded on a first securities market  
19 (see O'Shaughnessy, at least col. 11, ll. 21 to col. 13, ll. 14).

**Re Claim 3:**

wherein there are only a total of  $M$  different securities in the second portfolio that are traded on the first securities market (see O'Shaughnessy, at least col. 11, ll. 21 to col. 13, ll. 14).

**Re Claim 4:**

The first financial instrument according to claim 1, wherein the first and second financial instruments are both traded on the same securities market (see O'Shaughnessy, at least col. 11, ll. 21 to col. 13, ll. 14).

### ***Claim Rejections - 35 USC § 103***

3. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

4. Claims 5-9 and 11, 12, 15-24 are rejected under 35 U.S.C. 103(a) as being unpatentable over O'Shaughnessy (US 5,978,778) in view of Select Sector SPDRs (www.spdrindex.com--internet archive date November 28, 1999, hereinafter "SSSs"). The teachings of O'Shaughnessy have been discussed above.

1 **Re Claims 5-7, 11-14, 23 and 24:**

2 O'Shaughnessy does not disclose creating a second portfolio of financial  
3 instruments/stocks making up the index (S&P 500) comprises financial instruments/stocks from  
4 the index list stocks which are part of the narrower based (NASDAQ/AMEX) stock index.

5 SSSs is/are customized financial instruments which disclose dividing the S&P 500 index  
6 into various index funds that can be traded on at least one narrower based stock index (see SSSs  
7 section, *Diverse, Customizable, Focused and Tradeable*).

8 It would have been obvious for an artisan of ordinary skill at the time of the invention of  
9 O'Shaughnessy to integrate/substitute the SSSs feature of dividing the S&P 500 index into  
10 various index funds that can be traded on narrower based stock index(es), because such a  
11 modification would have provided an obvious extension to the teachings of O'Shaughnessy  
12 inasmuch as the O'Shaughnessy system provides screening and analysis as a sub-set of the S&P  
13 Compustant. Both systems create portfolios of the best choice of stock based upon various  
14 criteria that meet a given strategy and/or defined parameters.

15 Thus it would have been obvious matter of design choice for an artisan at the time of the  
16 invention of O'Shaughnessy to create a list of stocks making up an index (i.e., S&P 500) and/or  
17 eliminate from the list of index of stock which are a part of a customized narrower based stock  
18 index (NASDAQ) to determine which stocks to purchase, being an obvious expedient well  
19 within the ordinary skill in the art.

1  
2 **Re Claim 8:**

3 wherein the M different securities in the first portfolio have the M lowest average trading  
4 volumes among the N different securities during a previous time period (see O'Shaughnessy, col.  
5 5, ll. 10 to col. 6, ll. 45).

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8 **Re Claim 9:**

9 wherein the M different securities in the first portfolio have the M highest price fluctuations  
10 among the N different securities during a previous time period (see O'Shaughnessy, col. 5, ll.10  
11 to col. 6, ll. 45).

12  
13  
14 **Re Claim 11:**

15 The plurality of first financial instruments according to claim 10, wherein the set of first  
16 portfolios have no securities in common (see O'Shaughnessy, col. 2, ll. 5-12 and col. 13, ll. 55-  
17 65).

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3 **Re Claim 15:**

4 O'Shaughnessy discloses a method of facilitating an exchange in ownership of a security, the  
5 method comprising:

6 a step of providing a first financial instrument representing an ownership interest in a first  
7 portfolio, the first portfolio comprising units of an integer number M different securities selected  
8 from a second portfolio, the second portfolio comprising units of an integer number N different  
9 securities, N > M, with the M different securities being a subset of the N different securities (see  
10 O'Shaughnessy, at least col. 2, ll. 12-18; col. 11, ll. 21 to col. 13, ll. 14),

11 wherein the weight of each security in the first portfolio is substantially similar to that  
12 security's corresponding weight in the second portfolio, divided by the combined weight of the  
13 first portfolio within the second portfolio (see O'Shaughnessy, at least col. 2, ll. 35-52).

14 O'Shaughnessy fails to disclose wherein the first financial instrument, and a second  
15 financial instrument representing an ownership interest in the second portfolio, are  
16 traded on a securities market; a step of receiving a first offer to sell said first financial instrument;  
17 and a step of receiving a second offer to buy said first financial instrument; and matching said  
18 first and second offers.

19 SSSs discloses the first financial instrument, and a second financial instrument  
20 representing an ownership interest in the second portfolio, are traded on a securities market (S&P  
21 500); a step of receiving a first offer to sell said first financial instrument; and a step of receiving  
22 a second offer to buy said first financial instrument; and matching said first and second offers

1 (see SSSs section, *Diverse, Customizable, Focused and Tradeable*). It would have been obvious  
2 for an artisan of ordinary skill at the time of the invention of O'Shaughnessy to modify his  
3 invention to employ the use of SSSs, because an artisan at the time of the invention would have  
4 recognized and have been familiar with the concept of Select Sector SPDRs and the advantages  
5 of buying/selling Select Sector SPDRs wherein both systems provide the aforementioned  
6 features and create portfolios of the best choice of stock based upon various criteria that meet a  
7 given strategy and/or defined parameters. Thus such a modification would constitute an obvious  
8 expedient well within the ordinary skill in the art.

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11 **Re Claim 16:**

12 A first financial instrument representing an ownership interest in a first portfolio comprising an  
13 integer number M different stocks traded on the National Association of Securities Dealers  
14 Automated Quotations System (NASDAQ), wherein:

15 the M different stocks are included in an index based on market capitalization values of  
16 an integer number N different stocks,  $N > M$ , with the M different stocks being a subset of the N  
17 different stocks and at least some of the N different stocks being traded on an exchange other  
18 than the NASDA; and

19 the market capitalization weight of each of M different stocks in the first portfolio is  
20 substantially similar to that stock's corresponding market capitalization weight in the index,  
21 divided by the combined market capitalization weight of the first portfolio within the index (see  
22 O'Shaughnessy, abstract and col. 2, ll. 5-34).

1 **Re Claims 17, 18, 21 and 22:**

2 The first financial instrument according to claim 16, wherein the index is the Standard & Poor's  
3 500 (S&P 500) (see O'Shaughnessy tables 1 and 2, col. 2, ll. 5-12 and col. 13, ll. 55-65).

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6 **Re Claim 19 and 20:**

7 O'Shaughnessy fails to teach that the stocks from the narrower based stock index, or at least  
8 some of the N different stocks are traded on the New York Stock Exchange. Official Notice is  
9 taken that the New York Stock Exchange is notoriously old and well known in the art to allow  
10 speculators to trade stock. It would have been obvious for an artisan of ordinary skill in the art at  
11 the time Applicant's invention was made to modify the teachings of O'Shaughnessy to include  
12 the use of the New York Stock Exchange because O'Shaughnessy discloses that the stock  
13 database may be any commonly used database (see O'Shaughnessy, col. 13, ll. 55 to col. 14, ll.  
14 8), and thus provides the user with assistance to determine which stocks to purchase. Therefore  
15 such a modification would be considered an obvious extension to the teachings of  
16 O'Shaughnessy, and within the ordinary skill of the art.

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*Conclusion*

5. Any inquiry concerning this communication or earlier communications from the examiner  
should be directed to **Daniel S. Felten** whose telephone number is (703) 305-0724. The  
examiner can normally be reached between the hours of 7:00AM to 5:30PM Monday-Thursday.  
Any inquiry of a general nature relating to the status of this application or its proceedings should  
be directed to the Customer Service Office (703) 306-5631, or the examiner's supervisor  
**Vincent Millin** whose telephone number is (703) 308-1065.

6. Response to this action should be mailed to:

Commissioner of Patents and Trademarks  
Washington, D.C. 20231

for formal communications intended for entry, or (703) 305-0040, for informal or draft  
communications, please label "Proposed" or "Draft".

Communications via Internet e-mail regarding this application, other than those under 35  
U.S.C. 132 or which otherwise require a signature, may be used by the applicant and should be  
addressed to *[daniel.felten@uspto.gov]*.

All Internet e-mail communications will be made of record in the application file. PTO  
employees do not engage in Internet communications where there exists a possibility that  
sensitive information could be identified or exchanged unless the record includes a properly  
signed express waiver of the confidentiality requirements of 35 U.S.C. 122. This is more clearly

Serial Number: 09/559,320

Applicant(s): McCabe (705/36)

Page 11

Art Unit: 3624

Representative: Alapati (39,893)

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1 set forth in the Interim Internet Usage Policy published in the Official Gazette of the Patent and  
2 Trademark on February 25, 1997 at 1 195 OG 89.

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7 DSF  
January 13, 2003

V. V.  
V. Miller  
SNE Art 3624